

Chairman Mathias Data Request

What representations and warranties were contained in the SBC/Ameritech merger agreement relative to maintaining appropriate personnel? Did they survive merger closing? If so, what source of funds would be used to compensate SBC, if SBC were to make a claim under such representations and warranties? If not, what kind of due diligence did SBC conduct between the signing of the merger agreement and closing to fulfill its fiduciary obligations?

Response:

The SBC/Ameritech merger agreement contained the following covenant relative to maintaining appropriate personnel:

6.1. Interim Operations. (a) The Company covenants and agrees as to itself and its Subsidiaries that, after the date hereof and prior to the Effective Time (unless SBC shall otherwise approve in writing, which approval shall not be unreasonably withheld or delayed, and except as otherwise expressly contemplated by this Agreement, disclosed in the Company Disclosure Letter or required by applicable Law):

(i) the business if it and its Subsidiaries shall be conducted in the ordinary and usual course and, to the extent consistent therewith, it and its Subsidiaries shall use all reasonable best efforts to preserve its business organization intact and maintain its existing relations and goodwill with customers, suppliers, regulators, distributors, creditors, lessors, employees and business associates;

As will be discussed in more detail in response to the question related to "Retirement Related Reduction in Force" in Chairman Mathias' September 14, 2000, letter to Mr. Edward A. Mueller, Ameritech used its reasonable best efforts to maintain its existing workforce. This covenant did not survive merger closing. In any event, because the SBC/Ameritech merger was an all stock exchange, there would have been no source of funds for indemnification. As the Companies explained during the proceedings in Docket 98-0555, they were not in a position to engage in joint planning for post-merger operations. This was a result of regulatory uncertainty regarding the ultimate approval of the merger and the fact that SBC and Ameritech remained separate companies until merger closing. Nevertheless, to the limited extent allowed as a result of these concerns, SBC conducted due diligence by keeping apprised of the actions Ameritech took to ensure that force levels would not be negatively affected by significant one-time events, such as the change from Pension Benefit Guaranty Corporation ("PBGC") to GATT assumptions for lump sum pension amounts. Martin Kaplan and Charles Foster were the SBC officers responsible for due diligence activities.

The written presentation contained the statement that the "combination of pension calculation changes due to GATT (General Agreement on Tariffs and Trade) and the retirement eligibility of the workforce resulted in significant force losses in 1999". There was no itemization of the number of employees who left because of the change in control (i.e. the merger) or because of the GATT changes. There was no explanation of the income statement and balance sheet impact of the GATT changes in the pension calculation which was made immediately after closing, why this change was not made by Ameritech months before closing and whether SBC was unaware, prior to closing, of the possibility of "significant force losses".

Response:

The pension changes due to GATT referred to in this question relate to implementing a change from PBGC to GATT interest rate/mortality table assumptions for employees receiving their pensions in a lump sum upon retirement.¹ Unless otherwise addressed by the Company through modification to its pension plans, this change could generally be expected to result in smaller lump sums for certain retiring employees. Federal law required that this change to GATT assumptions become effective no later than January 1, 2000.

Ameritech and SBC recognized the potential adverse effect on the lump sum pensions paid to employees who retired after the effective date of this change. The Companies also recognized that, without changes to the pension plans, certain employees would be incented to retire before January 1, 2000, to avoid the perceived adverse effect. Therefore, Ameritech and SBC took substantial and prompt actions to ensure that the implementation of GATT-based calculations would not adversely affect staffing levels. Since the timing of these steps differed for non-management and management employees, they will be discussed separately.

Non-management Employees

Ameritech took steps well before merger close to ensure that GATT-related changes would not adversely affect non-management force levels. Through the collective bargaining process, the Company negotiated an amendment to the non-management pension plan which increased the pension formula simultaneously with implementing the GATT changes, so as to substantially eliminate the potential adverse impact of those changes.. Both the GATT assumptions and the offsetting pension formula changes went into effect for non-management employees on January 1, 1999.

SBC took additional measures in November of 1999 to incent non-management employees to remain. The non-management pension plan was amended again as follows: all non-management employees who were service pension eligible as of December 31, 1999, and who remained on the Ameritech payroll through calendar year

¹ Alternatively, employees may elect to receive their pensions as an annuity. Most employees select the lump sum option.

2000, would be entitled to the greater of (1) their benefits calculated under the regular provisions of the pension plan; or (2) the lump sum benefit calculated as of 12/31/99, increased by one year's interest at a specified rate. This change was also the subject of bargaining with the unions. This measure has since been extended through 2001, further increasing the incentive of retirement eligible non-management employees to remain with the Company.

Notwithstanding these changes, a substantial number of non-management network employees left Ameritech's payroll in 1999. These departures were due to a number of factors, including the retirement eligibility of many of Ameritech's more senior network personnel. To the extent that non-management employees made individual decisions to retire, seek job opportunities at other companies and/or change careers in response to the merger or otherwise, those decisions were outside the control of Ameritech and SBC.

No network non-management positions were eliminated in 1999 as a result of the change in control (i.e., the merger). The Company's employee record system does not systematically record whether individual non-management employees retire because of perceived negative effects from implementation of the GATT changes. The fact remains, however, that 800 non-management employees left the business in 1999, of which 556 retired.

Management Employees

The GATT changes impacted pension benefits for some management employees, but not others. Because of modifications which Ameritech had made in its management pension plan in May of 1995, the GATT change would have no impact on lump sum pensions for a significant number of management employees.²

For management employees who could be adversely impacted, Ameritech amended the management pension plan to provide them with special protections. Any of these individuals who retired on or after July 1, 1999, and before January 1, 2000, were entitled to have their benefits calculated under both the PBGC and GATT interest rate/mortality table assumptions and could elect whichever approach produced the larger benefit. This change was implemented on July 1, 1999.

Subsequently, in November of 1999, SBC amended the management pension plan to implement further protections for potentially impacted managers. The amendment provided that those managers who remained employed through 12/31/00 would receive the greater of (1) their benefit calculated under the regular provisions of the pension plan, or (2) their lump sum benefit calculated as of 12/31/99, increased by one year's interest at a specified rate.

² Under these changes to the Ameritech management pension plan, lump sum pensions are calculated under a "defined lump sum" formula. These provisions apply to all employees who were not yet service pension eligible in May of 1995 and who did not fall within a "transition" window.

Thus, again, both Ameritech and SBC took reasonable and timely steps to address the impact of GATT on management force levels.

Notwithstanding these corrective steps and an extensive employee education program, anecdotal information suggests that some front-line network managers continued to be concerned about the impact of GATT on their pensions. Ultimately, a number of experienced network managers independently decided to retire in 1999; some may have retired as a result of their concerns regarding GATT and others for other reasons. The Company's employee record system does not systematically record whether individual managers retire because of perceived negative effects from implementation of the GATT changes. No network management positions were eliminated in 1999 as a result of the change in control (i.e., the merger).

* * *

In sum, both Ameritech and SBC were well aware of the potential impact that implementation of GATT changes could have on force levels and took all reasonable steps to avoid that eventuality. Ameritech addressed the transition to GATT appropriately prior to merger closing, and SBC implemented additional protections once it had the ability to do so. The decisions by some network employees to retire in 1999 notwithstanding these efforts were not within the control of either Ameritech or SBC.³

³ This question also requests information on the "income statement and balance sheet impact of the GATT changes in the pension calculation which was made immediately after closing..." Implicit in this statement is an assumption that the GATT changes were implemented after merger closing. As explained above, the GATT changes were implemented prior to October 8, 1999, for both management and non-management employees. Therefore, there would not have been an income statement or balance sheet impact immediately after closing.

Chairman Mathias Data Request

Retirement Related Reduction In Force

The written presentation contained the statement that the "combination of pension calculation changes due to GATT (General Agreement on Tariffs and Trade) and the retirement eligibility of the workforce resulted in significant force losses in 1999". There was no itemization of the number of employees who left because of the change in control (i.e. the merger) or because of the GATT changes. There was no explanation of the income statement and balance sheet impact of the GATT changes in the pension calculation which was made immediately after closing, why this change was not made by Ameritech months before closing and whether SBC was unaware, prior to closing, of the possibility of "significant force losses".

Response:

The pension changes due to GATT referred to in this question relate to implementing a change from PBGC to GATT interest rate/mortality table assumptions for employees receiving their pensions in a lump sum upon retirement.¹ Unless otherwise addressed by the Company through modification to its pension plans, this change could be expected to result in smaller lump sums for retiring employees. Federal law required that this change to GATT assumptions become effective no later than January 1, 2000.

Ameritech and SBC recognized the potential adverse effect on the pensions paid to employees who retired after the effective date of this change. The Companies also recognized that, without changes to the pension plans, certain employees would be incented to retire before January 1, 2000, to avoid the perceived adverse effect. Therefore, Ameritech and SBC took substantial and prompt action to ensure that the implementation of GATT-based calculations would not adversely affect staffing levels. Since the timing of these steps differed for non-management and management employees, they will be discussed separately.

Non-management Employees

Ameritech took steps well before merger close to ensure that GATT-related changes would not adversely affect non-management force levels. Through the collective bargaining process, the Company negotiated an amendment to the non-management pension plan which increased the pension formula simultaneously with implementing the GATT changes, so as to substantially eliminate their impact. Both the GATT assumptions and the offsetting pension formula changes went into effect for non-management employees on January 1, 1999.

SBC took additional measures in November of 1999 to incent non-management employees to remain. The non-management pension plan was amended again as follows: all non-management employees who were service pension eligible as of December 31, 1999, and who remained on the Ameritech payroll through calendar year

¹ Alternatively, employees may elect to receive their pensions as an annuity. Most employees select the lump sum option.

2000, would be entitled to the greater of (1) their benefits calculated under the regular provisions of the pension plan; or (2) the lump sum benefit calculated as of 12/31/99, increased by one year's interest at a specified rate. This change was also the subject of bargaining with the unions. This measure has since been extended through 2001, further increasing the incentive of retirement eligible non-management employees to remain with the Company.

Notwithstanding these changes, a substantial number of non-management network employees left Ameritech's payroll in 1999. These departures were due to a number of factors, including the retirement eligibility of many of Ameritech's more senior network personnel. To the extent that non-management employees made individual decisions to retire, seek job opportunities at other companies and/or change careers in response to the merger or otherwise, those decisions were outside the control of Ameritech and SBC.

None of the network non-management employees who retired in 1999 did so under the Company's change of control plan. Employment records do not indicate whether any of them retired because of perceived negative effects from implementation of the GATT changes. However, because the GATT changes were implemented for non-management employees on January 1, 1999, the Company does not believe that they would have had any impact on subsequent non-management retirement decisions in 1999.

Management Employees

The GATT changes impacted pension benefits for some management employees, but not others. Because of modifications which Ameritech had made in its management pension plan in May of 1995, the GATT change would have no impact on lump sum pensions for a significant number of management employees.²

For management employees who could be adversely impacted, Ameritech amended the management pension plan to provide them with special protections. Any of these individuals who retired on or after July 1, 1999, and before January 1, 2000, were entitled to have their benefits calculated under both the PBGC or GATT interest rate/mortality table assumptions and could elect whichever approach produced the larger benefit. This change was implemented on July 1, 1999.

Subsequently, in November of 1999, SBC amended the management pension plan to implement further protections for potentially impacted managers. The amendment provided that those managers who remained employed through 12/31/00 would receive the greater of (1) their benefit calculated under the regular provisions of the pension plan, or (2) their lump sum benefit calculated as of 12/31/99, increased by one year's interest at a specified rate.

² Under these changes to the Ameritech management pension plan, lump sum pensions are calculated under a "defined lump sum" approach. These provisions apply to all employees who were not yet service pension eligible in May of 1995 and who did not fall within a "transition" window.

Thus, again, both Ameritech and SBC took reasonable and timely steps to address the impact of GATT on management force levels.

Notwithstanding these corrective steps and an extensive employee education program, anecdotal information suggests that some front-line network managers continued to be concerned about the impact of GATT on their pensions. Ultimately, a number of experienced network managers independently decided to retire in 1999; some may have retired as a result of GATT and others for other reasons. Employment records do not indicate whether individual managers retired because of perceived negative effects from implementation of the GATT changes. Only three staff managers in the network organization retired under the change of control plan.

* * *

In sum, both Ameritech and SBC were well aware of the potential impact that implementation of GATT changes could have on force levels and took all reasonable steps to avoid that eventuality. Ameritech addressed the transition to GATT appropriately prior to merger closing, and SBC implemented additional protections once it had the ability to do so. The decisions by some network employees to retire in 1999 notwithstanding these efforts were not within the control of either Ameritech or SBC.³

³ This question also requests information on the "income statement and balance sheet impact of the GATT changes in the pension calculation which was made immediately after closing..." Implicit in this statement is an assumption that the GATT changes were implemented after merger closing. As explained above, the GATT changes were implemented prior to October 8, 1999, for both management and non-management employees. Therefore, there would not have been an income statement or balance sheet impact immediately after closing.

Chairman Mathias Data Request

Prior Meetings Concerning Wholesale Customer Service

The shortcomings of the SBC/Ameritech-Illinois Wednesday retail customer service presentation are particularly appalling because during prior meetings in June and July, principally with SBC officers from San Antonio, I had discussed significant wholesale performance measures. Two hours of a much more lengthy meeting in July were spent analyzing just five or six wholesale performance measures including average speed of answer of the local service and operations centers, percent of firm order confirmations within "X" hours, mean installation intervals for plain old telephone service (POTS) and percent out of service 24 hours for POTS. As a result of these and other in depth discussions regarding wholesale customer service it is inexplicable why no mention was made of call center performance and various other performance measures during Wednesday's SBC/Ameritech-Illinois presentation. The SBC/Ameritech-Illinois officers who were present Wednesday were present during these prior meetings.

Response:

These are the internal measures the Company uses to measure retail customer service performance in Illinois. Attached are the results for 1999 and 2000

Consumer Call Centers

- **Average Speed of Answer:**

Definition: The average number of seconds for a call to reach a representative or an automated system that is ready to accept information or render assistance. This is an indicator of customer accessibility.

Calculation: $(\text{Total Speed of Answer for Illinois customer calls}) + (\text{Total Speed of Answer for Illinois customer abandoned calls}) / \text{Number of Illinois calls offered} = \text{ASA}$

Target: Current target is 120 seconds – Beginning October 1st, 60 seconds.

- **% Calls Answered:**

Definition: Percentage of calls completed to the call center. This measure is an indicator of customer accessibility.

Calculation: $(\text{Number calls handled} / \text{Number of calls offered to the call Center})$

Target: 90%

- **Average Hold Time:**

Definition: Average amount of time the customer spends on hold for all calls handled.

Calculation: $(\text{Total hold time} / \text{Total calls handled})$

Target: Diagnostic measure

Business Call Centers• **Average Speed of Answer:**

Definition: The average number of seconds for a call to reach a representative or an automated system that is ready to accept information or render assistance. This is an indicator of customer accessibility.

Calculation: (Total delay for calls answered + Total delay for calls abandoned)/Total calls answered

Target: 80% calls answered in 20 seconds

• **% Calls Abandoned:**

Definition: Percentage of calls not completed to the call center. This measure is an indicator of customer accessibility.

Calculation: (Total abandoned calls/Total calls offered) * 100

Target: Diagnostic measure

• **Average Hold Time:**

Definition: The average duration in seconds that a caller spent on hold after the call was answered and before the call was released.

Calculation: (Total hold time/Total calls handled)

Target: Diagnostic measure

Repair Center• **Average Speed of Answer:**

Definition: The average number of seconds for a call to reach a representative or an automated system that is ready to accept information or render assistance. This is an indicator of customer accessibility.

Calculation: (Total number of delay seconds for all answered calls/ Total answered calls) * 100

Target: 60 seconds

• **Average Work Time:**

Definition: Average amount of time spent handling a customer's call.

Calculation: ((Total talk time + Total after call work time)/Total number of calls) * 100

Target: 408 seconds maintenance administrator / 261 seconds administrative specialist

Repair• **Percent Out of Service (OOS) > 24 Hours:**

Definition: Percent of OOS trouble reports cleared in over 24 hours.

Calculation: (Count of OOS trouble reports > 24 hours/Total number of OOS trouble reports) * 100

Target: 95% of customer trouble reports cleared within 24 hours.

Prior Meeting Concerning Wholesale Customer Service

- **Mean Time to Repair:**

Definition: Average duration of customer trouble reports, from the receipt of the customer trouble report to the time the trouble report is cleared. To gauge the ability to provide timely repair resolution to our customers.

Calculation: $\Sigma[(\text{Date and time trouble report is cleared}) - (\text{Date and time trouble report is received})] / \text{Total customer trouble reports}$

Target: 21 hours

- **Percent Missed Repair Commitments:**

Definition: Percent of trouble reports not cleared by the commitment time.

Calculation: $(\text{Count of trouble reports not cleared by the commitment time} / \text{Total trouble reports}) * 100$

Target: 5%

- **Percent Repeat Reports:**

Definition: Percent of customer trouble received within 30 calendar days of a previous customer trouble report.

Calculation: $(\text{Count of customer trouble reports, excluding subsequent reports, received within 30 calendar days of a previous customer report} / \text{Total customer trouble reports excluding subsequent reports}) * 100$

Target: 10%

Installation

- **Mean Installation Interval:**

Definition: Average business days from application date to completion date.

Calculation: $[\Sigma(\text{completion date} - \text{application date})] / (\text{Total number of orders completed})$

Target: 5 business days for combined field visit and non-field visit orders.

- **Percent Ameritech Caused Missed Due Dates:**

Definition: Percent of New (new service), TO (move from an existing location to a new location) and Change (change in existing service without a move) orders, where installation was not completed by the due date as a result of company action.

Calculation: $(\text{Count of New, TO, Change orders not completed by the due date as a result of a company missed due date} / \text{Total number of orders}) * 100$

Target: 1% combined field visit and non-field visit orders. 5% of field visit orders.

INTERNAL RETAIL CUSTOMER SERVICE PERFORMANCE MEASURES

Business Call Centers

1998

	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98
Avg Speed of Answer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	48
% Abandoned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6%
Talk Time (min)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

1999

	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Oct-99	Nov-99	Dec-99
Avg Speed of Answer	66	114	63	53	53	59	38	27	24	25	25	19
% Abandoned	7%	12%	7%	6%	5%	6%	4%	4%	3%	3%	3%	2%
Talk Time (min)	7.4	7.7	7.4	7.0	7.0	7.1	7.0	6.9	7.0	7.0	6.9	6.6

Notes: Y-T-D information is not available.

Hold Times for 1999 are no longer available, and were not collected at the time

2000

	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Y-T-D
Avg Speed of Answer	32	18	17	24	19	24	32	27					24
% Abandoned	3%	2%	2%	3%	2%	3%	4%	2%					3%
Talk Time (min)	6.9	6.7	6.8	6.8	6.8	7.2	7.4	7.3					

INTERNAL RETAIL CUSTOMER SERVICE PERFORMANCE MEASURES

Consumer Call Centers

Average Speed of Answer (in seconds)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1997	38.2	31.8	57.5	42.8	17.5	15.1	19.5	35.9	33.6	32.2	45.1	32.9
1998	51.0	108.4	181.5	194.1	98.7	118.7	144.8	239.9	392.1	221.7	133.3	117.1
1999	196.8	227.0	130.2	114.0	220.7	413.1	120.9	129.6	81.5	38.7	41.7	31.7
2000	41.9	35.3	32.4	32.4	43.0	73.2	88.9	118.0				

Notes: Only CCC and Bilingual Data available through Jul 99. Current method of reporting ASA used for Aug 99 through Aug 00 and includes CCC's, SB Centers, Collections, and VRU

% Calls Answered

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1997	93.2%	94.7%	90.9%	92.8%	97.2%	97.7%	96.9%	94.3%	94.3%	94.7%	91.5%	93.6%
1998	90.5%	83.3%	73.0%	73.5%	81.1%	80.5%	80.7%	72.6%	62.0%	75.6%	82.0%	85.2%
1999	75.6%	73.5%	84.1%	86.1%	73.8%	59.5%	89.2%	89.6%	93.4%	96.7%	96.3%	97.4%
2000	95.5%	96.1%	96.5%	96.5%	95.9%	93.4%	91.9%	89.6%				

Notes: Illinois CCC data used since Jan 97. Bilingual data for Illinois complete from Aug 98 - Aug 00, an assumption was made because we could not breakout other states prior to Aug 98. 86% of call demand (represents Illinois) was used. Beginning Aug. 99, blended rate reported using CCC's, SB Centers, LACC, and VRU data.

Average Hold Time (in seconds)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1997	not Available											
1998								72.7	68.6	57.9	47.5	46.5
1999	46.4	46.2	42.7	35.5	36.5	41.4	41.1	29.8	27.8	27.9	27.1	26.4
2000	25.6	25.3	25.1	25.7	26.2	30.6	32	36.6				

Notes: Hold time was not available until Lucent was installed. The CCCs were converted through July 98, first full month of Hold time was Aug. The Collections group was converted through July 99, first full month of Hold time was Aug 99.

INTERNAL RETAIL CUSTOMER SERVICE PERFORMANCE MEASURES NETWORK SERVICES

REPAIR CENTER

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
ASA - 99	33.9	18.5	22.3	18.7	17.5	38.1	87.0	71.2	112.8	73.1	48.5	30.7	49.0
ASA - 00	14.3	22.7	23.5	40.9	54.6	89.8	87.8	180.5					

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
AWT - 99								418	431	431	433	415	
AWT - 00	337	317	328	302	304	315	298	303					311

REPAIR

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
% OOS - 99	9.32%	4.06%	3.39%	4.83%	2.75%	6.11%	4.97%	4.11%	3.62%	3.52%	3.22%	5.70%	4.76%
% OOS - 00	3.70%	4.25%	3.84%	4.44%	8.01%	13.40%	4.43%	15.21%					7.71%

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
MTTR - 99	21:30	17:07	18:49	18:50	18:58	21:14	22:23	22:03	23:30	22:48	18:17	23:32	20:42
MTTR - 00	22:09	22:08	27:35	24:22	28:01	38:34	31:18	35:08					28:03

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
Missed Appts	5.75%	4.21%	3.84%	5.78%	4.50%	7.15%	7.81%	7.86%	7.03%	5.98%	5.97%	9.14%	6.35%
Missed Appts	6.82%	8.28%	9.13%	8.12%	13.03%	17.50%	10.12%	17.14%					11.83%

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
Repeats - 99	12.14%	14.90%	13.27%	13.42%	14.40%	14.26%	14.28%	15.18%	15.04%	15.44%	15.80%	15.87%	14.48%
Repeats - 00	18.82%	17.08%	17.60%	18.01%	18.01%	17.95%	18.05%	17.51%					17.81%

INSTALLATION

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
BUS - 99	14612	22183	15166	18499	18475	10638	14375	10103	12531	11841	8450	5753	158628
BUS - 00	33943	19574	27349	19840	24647	30765	27872	31238	21969				237197

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
RES - 99	40491	38888	41220	42880	54867	52228	54170	68774	57289	58819	42100	43530	593048
RES - 00	37431	40347	42433	42584	50278	53913	53130	85987	43423				428818

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
ALL - 99	55103	61051	56386	61379	71342	62868	68545	76877	68830	70480	48550	49283	781872
ALL - 00	71374	59921	68782	62404	74925	84878	81002	97235	85392				886713

**INTERNAL RETAIL CUSTOMER SERVICE PERFORMANCE MEASURES
NETWORK SERVICES**

NOV INTERV	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
BUS - 99	8.04	5.32	5.38	5.05	6.05	6.23	8.10	5.83	5.20	8.49	8.24	5.30	6.71
BUS - 00	5.50	4.88	5.03	4.91	5.13	5.14	5.28	5.20	5.87				6.21

NOV INTERV	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
RES - 99	2.84	2.88	3.05	3.64	4.48	4.02	3.89	4.58	3.79	4.03	3.24	2.88	3.89
RES - 00	3.10	3.08	3.70	4.54	4.70	4.71	4.90	5.31	5.08				4.45

NOV INTERV	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
ALL - 99	2.95	2.93	3.30	3.77	4.58	4.15	4.13	4.63	3.87	4.15	3.38	2.89	3.82
ALL - 00	3.50	3.36	3.92	4.80	4.77	4.78	4.98	5.28	5.18				4.87

NOV INTERV	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
BUS - 99	28174	27994	28498	27888	26501	25859	25343	28819	28108	23812	18871	18465	301238
BUS - 00	32531	33984	40331	34908	37217	38147	38271	45331	32875				331408

NOV INTERV	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
RES - 99	35388	40998	43734	42873	45544	41943	42204	46843	44882	46681	37282	39474	607484
RES - 00	37240	40508	45838	40121	43808	38452	35950	42804	33045				367882

NOV INTERV	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
ALL - 99	61542	68890	73232	70589	72045	67902	67547	73482	71088	70273	54133	57839	808722
ALL - 00	69771	74500	86269	75029	80823	78599	72221	88135	65720				889087

NOV INTERV	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
BUS - 99	8.71	7.83	7.73	7.82	8.21	8.45	8.37	8.41	8.45	8.85	8.35	8.69	8.35
BUS - 00	11.48	10.42	10.85	11.39	11.98	10.97	11.40	10.51	10.72				11.08

NOV INTERV	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
RES - 99	8.73	7.10	8.84	8.82	7.73	8.18	8.44	8.82	8.77	9.23	8.89	8.28	8.09
RES - 00	10.14	9.87	10.75	10.93	12.40	13.48	16.75	17.34	18.17				13.18

NOV INTERV	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
ALL - 99	7.19	7.22	7.04	7.11	7.83	8.22	8.43	8.83	8.71	9.18	8.78	9.34	8.14
ALL - 00	10.48	10.01	10.78	11.05	12.29	12.73	15.15	15.45	16.18				12.69

NOV INTERV	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
TOTAL - 99	116845	130041	129818	131948	143387	130768	138082	150339	140918	140733	102683	83004	1638178
TOTAL - 00	141145	134421	158051	137433	155748	161277	183223	185370	131112				1366780

INTERVAL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
----------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

**INTERNAL RETAIL CUSTOMER SERVICE PERFORMANCE MEASURES
NETWORK SERVICES**

TOTAL - 99	5.03	5.22	5.29	5.48	6.09	6.02	6.05	6.41	6.08	6.45	6.01	5.84	6.86
TOTAL - 00	7.08	8.81	7.80	7.74	8.28	8.21	9.28	9.48	10.14				8.32

ORDER	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
TOTAL - 99	85886	91125	96505	94847	106974	100327	102181	118609	109249	110825	83749	77853	1179130
TOTAL - 00	89834	96979	107583	96784	109811	109746	106749	127750	89714				934860

Chairman Mathias Data Request

Need For Action

The above paragraphs outline the types of information that must be provided to the Commissioners and the Commission staff for us - and perhaps SBC/Ameritech-Illinois - to more fully understand the depths of the alleged SBC/Ameritech-Illinois customer service problems and necessary corrective actions. I will state this message clearly in writing since my earlier attempts to communicate the level of seriousness with which the Commission views these matters apparently have not been heeded. Quite simply, SBC/Ameritech-Illinois has so far failed to provide an analysis of the depths of its alleged retail service problems, and so far has failed to communicate its strategy for how to improve such customer service and so far the level of customer complaints and inconvenience appear not to have subsided. As Chairman I will not accept vague answers to specific problems or inaction by SBC/Ameritech-Illinois.

I expect SBC/Ameritech-Illinois immediately to begin to present follow up information, with metrics, to this Commission based upon the specific inquiries detailed above. I expect all of the information to be presented to this Commission by noon September 28. I also expect SBC/Ameritech-Illinois to immediately inform the Commission and its retail and wholesale customers of efforts that are underway to address the service problems that are being experienced on a daily basis and when such customer service problems will be corrected.

Response:

1. Consumer Services:

Steps taken to correct customer service problems

- Created a specialized workgroup (CNRC: Consumer Network Resolution Center), to handle customer inquiries pertaining to installation appointments. The personnel at this center have been provided with special access into our Network organization in order to escalate problems. The CNRC was started on August 15. Since this time, the center has handled over 49,000 calls from Illinois customers. This is the equivalent of approximately 33 additional SR's.
- Implemented new hours in our customer care channel (M-F 7 am-7pm and Sat. 9 am-1 pm) designed to improve our accessibility and speed of answer for inbound customer inquiries. This had the impact of adding the equivalent of approximately 60 Service Representatives on Tuesday – Friday.
- Obtained additional service representatives (SRs) from other business units/workgroups to improve accessibility. We have borrowed 25 additional Service Representatives from our Collections organization.
- Offered unlimited voluntary overtime (throughout the week) and mandatory overtime on certain days. Beginning in August, we implemented mandatory overtime in all of

our Illinois centers (except Dayton where it is not permitted). We are requiring each SR to work an additional ½ - 1 hour on Monday and Tuesday to help improve accessibility during our busiest days. This has provided us with the equivalent of 60 additional SR's in August and September.

- In order to provide additional on-line resources, we are having new SR's who have received basic billing and inquiry training to take calls on Mondays and Tuesdays to answer customer-billing inquiries. The number varies from week to week depending upon the number of SR's in training.
- Increased hiring plans for the remainder of the year. We have increased our hiring plans for the remainder of 2000. We expect to add approximately 100 new SR's above our current staff levels by the end of 2000.
- Increased the use of vendors to support non-complex calls to free up existing SRs. Vendors are now taking customer calls to disconnect service. This represents approximately 25 equivalent SR's for Illinois.
- Delayed continuation training (all but the most critical) from June-December. When needed training is being done after-hours and on Saturdays whenever possible.
- Re-prioritized less critical offline work in order to increase online support. This has provided Consumer with approximately 20 additional on-line SR's on a daily basis.
- Instituted a "war room" command center (manned by key consumer and network personnel) to track backlogs and to more quickly resolve operational issues.
- Increased the number of contact quality observations and increased focus on feedback to SRs and process designers in order to improve service and processes that are impacting customers.
- **What are we doing to notify customers about these efforts?**
 - Instituted queue announcements and IVR changes advising customers of: the estimated wait time, the best times to call, and providing automated service alternatives.
 - Bill page messages to inform customers of automated service alternatives and best times to call.
 - Media relations been kept abreast of servicing changes.
 - Empowered the CNRC (specialized work group) with improved methods and procedures and servicing latitude to better inform customers who have network and installation inquiries.

2. Business Customer Services

- Increased agent staffing by 58% and added focus on adherence to schedules has resulted in:
 - Service levels improvement since the first of the year - year to date average of 84.4% / 24 seconds average speed of answer (ASA) vs. January results of 79.8% / 32 ASA
 - Consistent scheduled close key time in centers for customer follow-ups and commitments; minimum of 30 minutes each day, Wednesday through Friday; oftentimes Monday through Friday
 - 90% of the requests for training and development have been scheduled and completed this year. Our agents are more knowledgeable and satisfied with the development made available
- Increased staffing of area managers by 37.5%, changing (span of control) manager to agent ratio from 14 to 15-1 to 12-1 resulting in
 - increased availability to new students
 - added to the quality and amount of coaching time devoted to our service representatives
 - quicker identification of performance issues
- Escalation teams established in several of our call centers to care for more complicated customer issues before they reach the appeal level - rest of the centers will be implemented before the end of this year; call center originated appeals have been reduced 50%
- Opened a billing center for our complex customers to further enhance our care for customer billing inquiries
- We are leveraging SBC best practices and recently implemented CSQ (customer service quality), an active and comprehensive feedback model for our customers to communicate their level of satisfaction with our service
- Over the next six months work will be done on our VRU menu to make the language more customer friendly and aligned to the volume of call type decreasing the amount of time our customers will spend in the VRU
- Focus on staffing and training in our call centers will continue

3. Network Services:

Operation Pride:

- Specific to Illinois: 9/18/00 – 9/26/00

— Average Techs on Installation Daily	854
— Average Techs on Repair Daily	1263
— Average Construction loans daily	275
— Average Techs loaned from (SWBT/PAC)	105

(There is additional workforce loaned into Operations centers to assist with monitoring Installation/Repair loads and customer statusing.)

— Average Repair cleared daily	4375
— Averaged Installation Completed daily	6207
— Average Interval Installation Consumer	11 MTD
— Average Interval Installation Business	5 MTD
— Average Repair OOS Consumer	
— Chicago Metro	3 MTD
— Downstate	2 MTD
— Average Repair OOS Business	
— Chicago Metro	2 MTD
— Downstate	1 MTD

Ameritech Network Repair Center Service Improvement Plan

- Regionally, 84 additional front line personnel will be hired. 10 will be located specifically in Springfield, Illinois. 54 of these will be designated for call answering only; thereby increasing the accessibility to the centers by as many as 100,000 calls monthly.
- Training of new employees is currently being conducted in 2 shifts to place call-answering personnel on line as quickly as possible.
- An additional 4 managers will be hired in Illinois, 2 in Springfield, and 2 in Irving Park, to serve as Customer Advocates. Their roles will include managing service leaders, monitoring the local traffic/force load, and escalating customer trouble reports as appropriate.
- In Aug 00, a reorganization added the responsibility of the Springfield, IL. center to the local Illinois Area Manager bringing the two Illinois call centers under 1 management team.
- Efforts are under way to reduce the number of subsequent calls in order to allow for increased accessibility of initial customer calls.